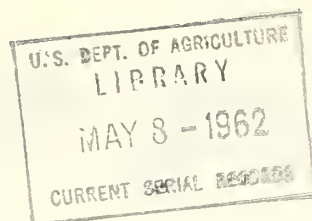


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# Prospects for Foreign Trade in

**DAIRY PRODUCTS,  
POULTRY PRODUCTS**

Foreign Agricultural Service  
UNITED STATES DEPARTMENT OF AGRICULTURE  
April 1961

# ไอศกรีม

## บำรุง



SOLIDOS LACTEOS DESGRASADOS Y DESECADOS  
**en las Industrias Lácteas**

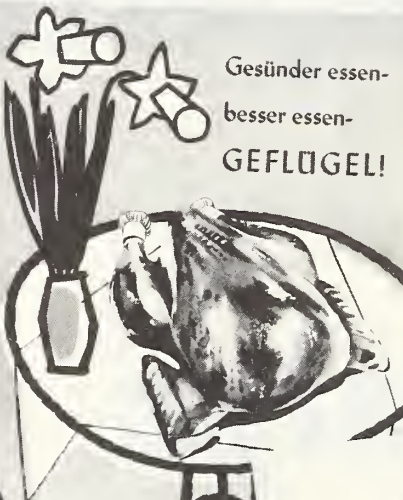


CON LA  
**BRENA ALPINA AMERICANA**

PIU FORTE PROI  
 MAGGIORI GUA



Gran Productor  
 de la  
 Cacho del Mundo



Gesünder essen-  
 besser essen-  
**GEFLÜGEL!**

SCHWEDISCHE, NICHT-FETTHALTIGE, TROCKENMAKES  
 der landliche und wirtschaftliche Bedeutung

PROTEINEN NICHT-FETTHALTIGE, TROCKENMAKES  
 KOW WETTE ERNÄHRUNG

Protein	10.5 gr
Fett	0.25 gr
Kalkium	0.37 gr
Phosphor	0.29 gr
Eisenz	1.44 gr
Schilddrüse	0.8 mgr
Thymin	0.3 mgr

Nicht fettigste Trost  
 modernisiert nach  
 schung und Verbesse  
 rungsmethoden gelat  
 nicht fettigste  
 n, die wir  
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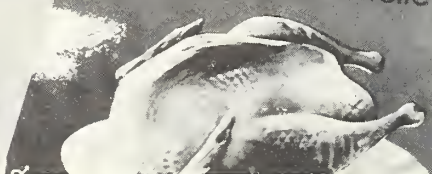
Leberecht  
**Hühnchen:**



Lebe recht-  
 leb nicht schlecht!

GUIA PARA LOS COMPRADORES  
 DE GANADO VACUNO LECHERO  
 EN LOS ESTADOS UNIDOS

Hühnchen und Putenteile



Brochures and posters in half-a-dozen languages tell about U.S. dairy and poultry products.

# PROSPECTS FOR FOREIGN TRADE IN DAIRY PRODUCTS, POULTRY PRODUCTS

## Contents

	Page		Page
Market development activities:		U.S. export trade--Con.	
Cooperative action.....	1	Dairy products.....	6
Dairy cattle.....	1	Dairy cattle.....	8
Poultry.....	2	Market information .....	8
Dairy products .....	4	World situation:	
U.S. export trade:		Poultry products .....	9
Poultry meat .....	5	Dairy products.....	10

Another good export year for U.S. poultry can be expected in 1961. Total, including commercial sales, of nonfat dry milk will again increase, but exports of purebred dairy cattle breeding stock may be down.

In 1960, foreign sales of U. S. poultry meat reached an estimated record high of 180 million pounds--up about 50 million pounds from the year before, which was itself a record. Dairy cattle sales, too, were up (over 12,000 head compared with 7,714 in 1959), and so were commercial exports of nonfat dried milk. Some of the other products of the dairy and poultry industries are also finding increasing acceptance abroad.

To further widen opportunities in foreign markets, these industries and the Department of Agriculture last year expanded and revised their joint programs in each broad area--dairy cattle, dairy products, poultry products.

Market development activities for dairy cattle, until then concentrated in Latin America, were begun in Italy.

The activities of the regional headquarters of the U.S. poultry industry's cooperator in market development, established in Germany 3 years ago, were expanded to supervise poultry promotion in 14 countries considered potential markets.

For dairy products, a similar agreement calls for establishing headquarters on 3 continents to supervise market activities.

## Market Development Activities

### Cooperative Action

In these and other activities (under Section 104(a) of Public Law 480) to develop commercial markets for U.S. purebred dairy cattle, dairy products, poultry, and poultry products, the industries are represented by three trade groups: Dairy products, by the Dairy Society International (DSI); poultry and poultry products, by the Institute of American Poultry Industries (IAPI) in its role as the representative of the U.S. poultry industry's International Development Committee; dairy cattle, by the Purebred Dairy Cattle Association (PDCA), with its membership of the five individual purebred dairy cattle associations.

### Dairy Cattle

Although most activities are confined to Latin America, the largest export area for U.S. purebred dairy breeding cattle, they were expanded to Italy in 1960. The year



before, an FAS dairy-cattle-marketing specialist had conducted a survey there which indicated a market potential for U.S. breeding stock. His report prompted two dairy cattle breed associations to cooperate with FAS in a program to build a U.S. dairy cattle market in Italy. Representatives were sent to the several leading Italian livestock shows and later into the primary milk producing regions. Interest was stimulated in importing U.S. stock, particularly top-quality bulls. In addition, three leading Italians in the dairy cattle field were brought to the United States to observe its stock, and as a result seven bulls were purchased by a large artificial insemination center in Italy.

During the year, the industry-USDA project sent 10 dairy cattle specialists to the 5 primary dairy cattle importing countries in South America, bringing the total visits under such projects to 39. These representatives judged dairy cattle at local shows at the invitation of the local exposition committee, held meetings with dairy cattle breeders, importers, and local officials to point out the advantages of high-quality U.S. breeding stock, and encouraged the purchase of such animals available in the United States.

As a result of such market development activities, plus demonstration herds, the largest single shipment of U.S. dairy cattle was made to Peru last year. It was composed of 392 head of dairy cattle purchased by 16 Peruvians during a 3-week tour among leading U.S. breeding herds.

Also in late 1960, a project to translate the official PDCA Cow and Bull Score Cards into Spanish was completed in Colombia. Upon the completion of the publication of 30,000 of these cards, they were distributed to U.S. agricultural attachés in Spanish-speaking countries for trade contact work.

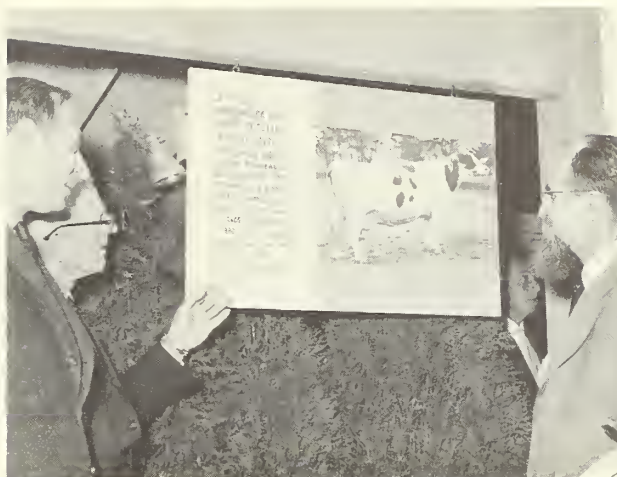
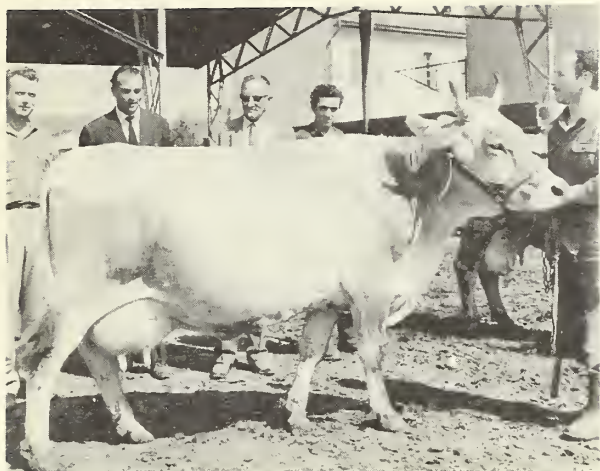
### Poultry

In 1960, foreign market development agreements with the Institute of American Poultry Industries were restyled to better facilitate the handling of promotional activities for poultry products in a number of countries. This included signing of a regional supervisory agreement which includes 10 countries in Europe, 3 in Latin America, and 1 in Africa in which the poultry industry believes market potentials exist for U. S. poultry and poultry products. Headquarters for this regional project is located in Frankfurt, Germany, under the direction of an American supervisor employed by the Institute of American Poultry Industries.

In addition to the supervisory project, a number of individual country project agreements have been extended. Heaviest activities have taken place in five European countries. Particularly active is the West Germany project, which includes such promotional activities as advertisements for U. S. poultry in newspapers, magazines, and trade publications. Over 600 news items with reference to U. S. poultry appeared in the German press in 1960 from market development press releases initiated by the German Office of IAPI. Point-of-sales materials were distributed at a number of shops selling U. S. poultry in Germany. During the Easter season alone, over 2 million recipes were so distributed. In April and again in June, two 5-minute shows were televised throughout southern Germany and in Berlin in which IAPI arranged for one of Germany's most famous television cooks to demonstrate special dishes using U. S. poultry.

In Switzerland, similar promotional activities, such as newspaper and magazine advertisements, were carried out. In addition, 2,000 billboards in all Swiss cities with 5,000 or more inhabitants promoted U. S. poultry during the Easter season. Similarly, 110 motion picture theaters promoted U. S. poultry through the use of specially prepared slides shown during intermission periods.

Promotional activities in the Netherlands were linked with a number of consumer and trade fairs carried out in that country. During the first 6 months of 1960 IAPI maintained a large booth at four major trade fairs. In addition, special promotional luncheons and dinners were held, giving U. S. exporters and Dutch importers an opportunity to sample the U. S. product and discuss the merits of U. S. poultry in the Netherlands. Similar activities were carried out in Spain and Italy on a smaller scale.



Top left, Italian heifer sired by imported U.S. bull shows marked udder improvement over her dam, visible in right rear background. Top right, Italian dairy cattle breeders read about merits of U.S. dairy breeding stock in exhibit at trade fair, Verona. At right, U.S. dairy cattle specialist judges bull class at Colombian livestock exposition.



During the year also, IAPI and FAS cooperated in poultry exhibits at two international trade fairs in Europe. At the British Food Fair in London, U. S. precooked frozen and canned chicken was demonstrated, displayed, and sold to consumers visiting the U. S. Exhibit. Promotional receptions for poultry and dried egg importers were held in conjunction with the Fair. In Munich, Germany, a similar exhibit was held at the IKOFA Fair. In addition to precooked and canned items, fresh frozen poultry was displayed, and cooking demonstrations were carried on. Almost 23,000 turkey sandwiches and servings of fried chicken were sold to Fair visitors. A trade reception was also held during this Fair for German importers and wholesalers. A number of U. S. exporters and processors of poultry visited the IKOFA Fair at their own expense and donated their time and efforts to the success of the exhibit.

A marketing specialist attended both the European fairs and helped organize and operate the poultry exhibits. In addition he was responsible for establishing trade contacts and follow-up activities related to the exhibit.

A marketing specialist also visited Greece and met with poultry importers, government officials, and local producers to determine the effect of a recent tariff increase on shipments of U. S. poultry to this small but growing market.

Poultry market development projects have resulted not only in expanding markets for U. S. poultry in foreign countries where market development projects take place but have also increased demand in other areas. Many passenger liners now stock frozen poultry items for inclusion in taste-tempting menus on board ship.





In galley of 900-passenger ship, chef checks U.S. poultry loaded at Rotterdam. Many passenger ships stock U.S. poultry at foreign ports.



Visitors at food fair in Germany, purchase fried chicken and turkey sandwiches prepared at U.S. exhibit. 23,000 were sold at the 10-day fair.

### Dairy Products

Flexibility was added to the DSI-FAS market development program in 1960 with the signing of a supervisory project agreement. Under this new agreement, DSI is able to establish area headquarters on three continents to supervise market development activities under an area-type program.

Last year in Brazil, DSI carried out the initial phase of a market development research project with a local third-party cooperator. Under the project, both scientific and motivation market development studies were begun to determine the advantages of including milk and other dairy products in the typical light Brazilian breakfast and lunch. Early results of these studies, which showed the nutritional advantages of dairy products, are being publicized in local news media. Further publicity on Brazilian radio and television programs is planned. The result of this project will be to stimulate consumption of dairy products in excess of local supplies and thus create a long-range demand for supplies available in the United States for export.

In 1961, projects with third-party cooperators in Burma, India, and Pakistan to expand the market for U. S. dairy products through their utilization in combination with indigenous foods will commence.

DSI and FAS signed a new agreement for extending and expanding a market development project in Thailand. It is aimed at building a permanent commercial market for U. S. dairy products and stresses the nutritional advantages of including milk and dairy products in the diet. Recombined milk and dairy products manufactured from U. S. ingredients will be highlighted, and a school milk program will be carried on to demonstrate the excellent taste and quality of these products and to build the milk drinking habit.

In New Delhi, India, early in 1960 a dairy exhibit highlighting instant nonfat dry milk was included at the World Agricultural Fair. The high quality, long shelf life, and ease of reconstituting make this product particularly adaptable to the foreign market. At the British Food Fair and IKOFA Fair in Munich, DSI and FAS representatives carried out an exhibit featuring displays of consumer-size packages of 10 major brands of U. S. instant nonfat dry milk. Mixing demonstrations and taste samples were offered to Fair visitors. They responded by purchasing 20,000 sample packages.



Dutch housewife examines U.S. poultry in supermarket. Frozen food and supermarkets gain in popularity in Europe.



At the Bombay Fair a recombining plant was constructed through the cooperative efforts of an FAS dairy marketing specialist and a DSI representative with the U. S. Department of Commerce. This was the last of four such U.S. solo exhibits carried out in India which included a demonstration of recombining and sampling of milk and ice cream produced at the Fair. These shows resulted in the sale of two recombining plants to local business interests.

Early in 1960, a marketing specialist completed a survey in Japan to determine the impact of U.S. nonfat dry milk as utilized in the Japanese school lunch program. During 1948-59, over  $\frac{1}{2}$  billion pounds of nonfat dried milk was sold to Japan at concessional prices for this program. The survey conducted indicates that these exports have cultivated the milk drinking habit in Japan and expanded consumption of all dairy products. Concurrent with the importation of the U. S. nonfat dry milk, the local dairy industry has expanded and to date has been able to satisfy the increased demand, but further expansion of the local milk production will be checked by the physical limitations of Japan. To meet continued increased consumer demand, the survey concludes, Japan will have to import substantial quantities of dairy products.

## U.S. Export Trade

### Poultry Meat

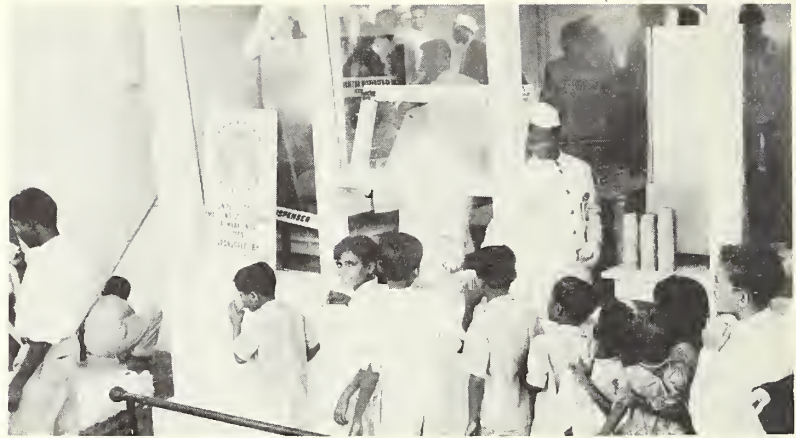
Poultry meat has proved to be an excellent dollar earner for the United States; shipments of this product under special pricing or other government-sponsored programs have been negligible. In 1960, largely because of the good demand for U.S. chicken meat in Western Europe, U.S. poultry meat exports reached an estimated total of 180 million pounds, compared with 126 million pounds in 1959. It is being more widely marketed too; in 1960, it was shipped to about 60 countries compared with only 40 in 1957. However, West European countries (mainly West Germany, Switzerland, and the Netherlands) are taking the bulk of total exports.

Contributing to the greatly increased exports to these three countries has been the changing demand patterns made possible by rapid strides in modernizing facilities for wholesaling and retailing of poultry meat. Improvements have been made in storage facilities, refrigeration, and retailing methods. The supermarket is beginning to play



Above, visitors to British Food Fair are introduced to instant nonfat dry milk through demonstration and display of U.S. brands. Right, school children of Thailand sample milk that has been recombined from U.S. nonfat dry milk and anhydrous milk fat.

Milk recombining plant in U.S. exhibit in Bombay, India, provides milk samples for Fair visitors. Dairy Society International and USDA have cooperated in 19 international fairs exhibiting U.S. dairy products.



an increasingly important role in the food distribution system of many large West European cities.

Exports of all types of U. S. poultry meat have benefited from these changing demand patterns, though chicken is the most popular. Total U.S. exports of chicken meat are estimated at about 145 million pounds in 1960, up 35 percent from 1959. Exports of broilers and fryers increased 22 million pounds--to 92 million pounds--and accounted for 63 percent of the total. Fowl exports of 43 million pounds were up 15 million pounds.

West Germany, the world's largest importer of poultry meat, continued to be the major U. S. market for chicken meat, although takings did not increase nearly as much in 1960 as in 1959. Switzerland remained the second largest market.

U. S. turkey exports also increased markedly; they were about 24 million pounds in 1960 compared with 12 million pounds in 1959. Europe represents the predominant and most promising market for U. S. turkeys, with West Germany accounting for over 90 percent of exports to this area. However, other sizable potential markets exist in this area if barriers to entry of U. S. turkeys can be removed. Canada, as in years past, was again a sizable market in 1960, after a slight easing of stringent import limitations in effect since 1957. Turkey exports to Canada in 1960 totaled approximately 4.0 million pounds, compared to only 324,000 in 1959.

U.S. canned-poultry-meat exports were up in 1960 also; the 12.8 million pounds exported represented a 3.1 million-pound increase. This was mainly due to relaxation of import restrictions by the United Kingdom and Australia. After it had liberalized imports of precooked and canned poultry in November 1959, the United Kingdom became the second largest market for canned poultry; West Germany continues to be the major market. In 1960, exports of canned poultry to the United Kingdom are expected to total about 3.5 million pounds. U.S. canned chicken first entered the Australian market in May 1960; from then until the end of 1960, exports totaled about 2.4 million pounds.

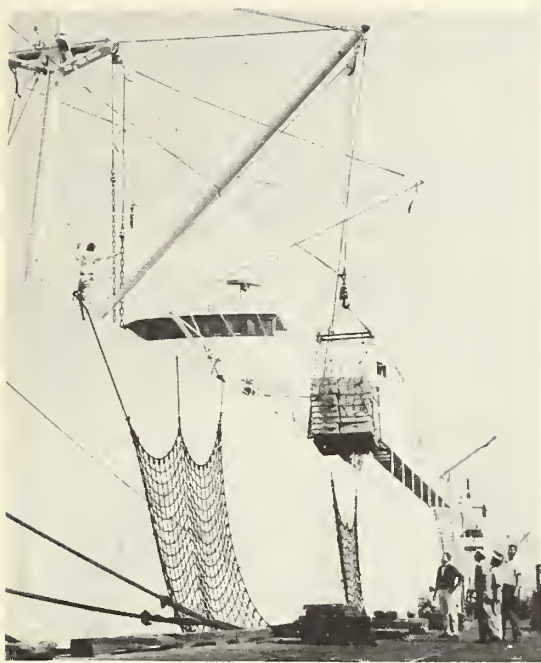
Continuing the trend of recent years, U.S. shell egg exports were down slightly to 18 million dozen in 1960. Exports of both hatching eggs and market eggs were down moderately from 1959.

Exports of dried and frozen eggs were up slightly in 1960. The increase was due entirely to larger shipments of frozen eggs; dried egg exports declined some from 1959 when they were at their highest level since 1951. Baby chick exports increased again in 1960 after being at a low level in 1958.

#### Dairy Products

On a whole milk equivalent (butterfat) basis, exports of U. S. dairy products declined in 1960 for the second successive year. The total was down due to sharply reduced exports





Crane-load of frozen poultry swings aboard ship at a U.S. port for overseas shipment.

of butter and continued small exports of cheese. Government-held supplies of these commodities for programming under various government programs were temporarily exhausted in late 1959, and shipments abroad were interrupted. Except for nonfat dry milk, government purchases since that time have been small compared with previous years. Mainly due to the noncompetitive price of U. S. butter and cheese, dollar exports of these products in recent years have been negligible.

On the other hand, U. S. exports of evaporated, condensed, and dry whole milk were up slightly in 1960. Sales of evaporated and dry whole milk are mainly for dollars, with the Philippines being the major market for evaporated milk and Venezuela the major market for dry whole milk. Exports of sweetened condensed milk are mainly under a government-sponsored program.

creased accordingly. World commercial trade totaled about 310 million pounds in 1960 compared with 118 million pounds in 1950.

U.S. exports of nonfat dry milk from 1955 through 1960 have averaged about 600 million pounds annually. During these years, donation shipments under Title III of Public Law 480, Section 416, have been declining. Thus, commercial exports, either dollar sales or shipments under government programs handled through commercial channels,

U.S. nonfat dry milk, for the past 10 years, has been sharing in an ever-increasing world market for this product. During these years, governments and private consumers generally have come to realize its nutritional value, and world trade has in-

TABLE 1.--World commercial trade in nonfat dry milk

Country of export	1950	1957	1958	1959	1960 <sup>1</sup>
	<i>Million pounds</i>	<i>Million pounds</i>	<i>Million pounds</i>	<i>Million pounds</i>	<i>Million pounds</i>
New Zealand-----	56.5	107.3	80.4	111.4	85.0
Australia-----	12.8	38.9	36.2	62.7	40.0
Canada-----	9.1	0.7	35.6	76.9	45.0
Netherlands-----	18.3	11.0	8.1	16.1	10.0
France-----	2.0	9.0	10.3	22.4	30.0
United States---	19.1	42.2	41.3	93.0	60.0
Others-----	--	21.1	31.7	37.5	40.0
Total-----	117.8	230.2	243.6	<sup>2</sup> 420.0	310.0

<sup>1</sup> Preliminary.

<sup>2</sup> Because of the severe drought in the summer of 1959 in Western Europe, increased takings by this area partly reflect the substantial increase in total exports.



have been accounting for a larger share of total exports: dollar sales of nonfat dry milk increased from 13.3 million pounds in 1955 to 50.0 million in 1960, and commercial exports under government-sponsored programs increased 2 percent to 100 million pounds in 1960.

The largest dollar market for U.S. nonfat dry milk has traditionally been Mexico. Dollar sales to that country were about 20.0 million pounds in 1960, up 15.6 million pounds from 1955. Dollar sales were also increased to many smaller markets.

Nonfat dry milk has been a popular item for programming under Public Law 480. Since the inception of that law in 1954 through November 1960, exports of nonfat dry milk under Title I (sales for local currencies) have totaled 158 million pounds. The major recipients of Title I sales have been countries with acute dollar or foreign exchange imbalances. Israel, India, Poland, Philippines, and Pakistan have taken the largest quantities.

The growing popularity of instant nonfat dry milk in the United States in recent years prompted the highlighting of this product at food fairs in England and West Germany in 1960. Consumer response at the fairs exceeded expectations. There is apparently a definite consumer demand for this product. However, U.S. instant nonfat dry milk is now denied access to the West European market by licensing barriers.

### Dairy Cattle

U.S. exports of dairy cattle for breeding reached an estimated total of over 12,000 head in 1960. During the first 9 months, exports were 7,274 compared with 4,054 in the same period of 1959. Mexico continued to be the major market, with takings of 4,396--up 96 percent from January - September 1959. An important new market developed in Peru in 1960; the Peruvians purchased 392 head of dairy cattle compared with 45 in 1959. Another interesting development is the entry of Italy as a market for U.S. breeding stock.

### Market Information

Available in the weekly Foreign Crops and Markets, in a condensed form, is current information on the numerous aspects of U.S. and world trade in dairy cattle, dairy products, and poultry products. During 1960 the trade was provided more detailed statistical and market survey information in a total of 18 publications.

Young U.S. bull arrives in Italy by air. He is one of seven bought for artificial breeding center during U.S. visit of Italian officials, sponsored by USDA and U.S. breed associations.



## World Situation

### Poultry Products

The phenomenal growth of world production and trade in poultry meat is one of the remarkable developments of the postwar period, and is of special significance in that it has helped make more high protein food available to consumers at reasonable prices. Although not universal, the increased output has been widespread, and indications point to continued growth in all areas, old as well as new.

Prior to World War II, the production of chicken meat was, for the most part, a byproduct of egg production. The supply of meat was largely governed from year to year by the rate of culling or reduction in the laying flock, and poultry meat generally was high priced and considered a specialty product served mainly for festive occasions and holidays.

During and immediately following the war, large-scale broiler production enterprises were established in several areas of the United States. Aggressive salesmanship, coupled with war-induced scarcities and the high price of red meat, contributed significantly to the early acceptance and rapid growth of consumer demand for broilers and fryers in the United States. This item began to move through the rapidly expanding supermarket food chains. From an average production of 1.7 billion pounds during the prewar period (1935-39), output of chicken meat (ready to cook) in the United States had by 1951 doubled--3.4 billion pounds. In 1960, output totaled 5.4 billion pounds. Turkey meat (ready to cook) increased from an average annual rate of 288 million pounds during the 1935-39 period to 615 million in 1951 and in 1957 reached a level of 1 billion. In 1960, production of turkey meat totaled 1.1 billion pounds. The combined output of chicken and turkey meat in 1960 provided U.S. consumers a record 35 pounds per person, almost one-fifth of the average consumer's annual meat supply.

In the past few years, other countries have also begun to build up a commercial production of poultry meat. However, it will be several years before the volume and efficiency of production will match that of the United States.

TABLE 2.--Poultry meat production in selected European countries, 1955-59<sup>1</sup>

Country	1955	1956	1957	1958	1959
	<i>Million pounds</i>	<i>Million pounds</i>	<i>Million pounds</i>	<i>Million pounds</i>	<i>Million pounds</i>
Denmark-----	55.1	50.6	50.8	56.3	79.4
France-----	626.0	<sup>2</sup> 657.0	<sup>3</sup> 690.0	738.3	771.4
Italy-----	<sup>4</sup> 159.0	161.4	167.5	186.4	275.5
Netherlands-----	92.1	111.3	131.1	<sup>5</sup> 157.3	<sup>5</sup> 193.5
West Germany-----	148.3	154.3	165.3	194.0	234.7
United Kingdom---	242.2	274.6	307.7	380.9	387.1
Six-country total-----	1,322.7	1,409.2	1,512.4	1,713.2	1,941.6
Percentage change from previous year-----	--	<i>Percent</i> 6.5	<i>Percent</i> 7.3	<i>Percent</i> 13.3	<i>Percent</i> 13.3

<sup>1</sup> Data for each country believed to represent slaughter weight.

<sup>2</sup> ECE estimate.

<sup>3</sup> Independent estimate.

<sup>4</sup> 1954-57 average.

<sup>5</sup> Estimated on basis of increase in exportable supplies.

TABLE 3.--Exports of poultry meat<sup>1</sup> by major suppliers, 1955-1959

	1955	1956	1957	1958	1959
	<i>Million pounds</i>	<i>Million pounds</i>	<i>Million pounds</i>	<i>Million pounds</i>	<i>Million pounds</i>
United States-----	28.0	44.6	41.9	51.3	125.7
Netherlands-----	41.7	42.2	55.4	73.7	95.0
Denmark-----	27.1	23.9	27.5	35.4	50.5
Poland-----	18.6	14.4	18.1	22.6	27.6
Hungary-----	18.2	18.6	19.0	19.9	24.9
Ireland-----	15.6	25.5	23.0	11.5	9.6
Others-----	10.0	15.8	18.8	31.9	33.5
Total-----	159.2	185.0	203.7	246.3	366.8

<sup>1</sup> Slaughtered poultry.

World trade in poultry meat has increased substantially each year since 1955. In that year, exports as reported by the major supplying countries totaled about 150 million pounds. By 1959, the volume of trade had increased to approximately 330 million pounds. Trade in 1960 is expected to be well in excess of 400 million pounds. Western Germany is by far the largest single market for poultry meat, with takings in 1960 amounting to about 300 million pounds.

In the mid-1950's, introductory shipments of U. S. fresh frozen poultry were sent first to Switzerland and then to West Germany. Poultry meat along with the supermarket idea of food distribution caught on in Europe. It has continued to grow.

The United States is now the leading supplier of poultry meat to the export market. This development has taken place despite numerous barriers to the free movement of U. S. poultry, ranging from import bans, under the guise of sanitary or disease control measures, to the withholding of dollar allocation for such imports. Partly offsetting these formidable handicaps are such factors as ability of the U. S. poultry industry to offer foreign importers, in volume, a high-quality product, attractively packaged, at prices that are competitive with prices of other suppliers.

#### Dairy Products

World milk production in 1960 will be up an estimated 3 percent over 1959. Only two important surplus producing countries, Australia and New Zealand, reported slight declines. During 1960, conditions were generally favorable for milk production throughout Western Europe, in contrast to 1959, when drought curtailed output rather sharply in some of the large milk producing countries. Final data on production in Western Europe will probably show output in that area up by as much as 5 percent over 1959.

Consumption of fresh fluid milk failed to keep pace with the increased output in 1960, and larger supplies were available for processing. The bulk of this went into butter, but larger quantities were also available for cheese and canned and dried milk.

Butter production in 1960, at 10.5 billion pounds, was also up about 3 percent over 1959. Output of other processed whole milk products - cheese, canned and dried milk - showed a 3 to 4 percent gain. Production of nonfat dry milk was up sharply, a result of increased production of butter plus a growing interest in and demand for nonfat milk solids as a valuable food and a component in animal feed mixes.

The sharp rise in butter and cheese prices which occurred late in 1959 was short lived, as production of milk picked up rapidly at the turn of the year and continued



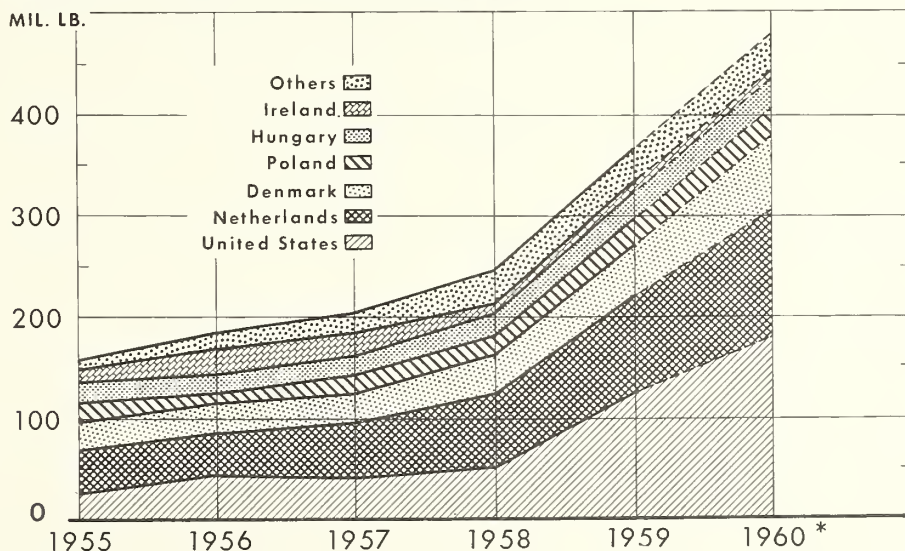
at, or near, record levels in most of the major dairy producing countries for the balance of 1960. Between January and late March 1960 the average wholesale price of butter on the London Provision Exchange declined from a high of about 53 cents per pound to about  $36\frac{1}{2}$  cents. Prices held steady at this lower level from late March until late November, when the price of New Zealand butter was reduced about 1 cent per pound.

During 1960, cheese prices were also down considerably from their 1959 peak, but prices on the London Provision Exchange for New Zealand finest have held steady since early March. Consumption of cheese continues to increase and stocks, for the most part, have not increased enough to effect any noticeably bearish influence on prices. Through the third quarter of 1960, total output of cheese was averaging about 3 percent above 1959, a level believed to be only slightly in excess of the rate of gain in consumption.

Output of canned and dried milk continued to expand. Except for the United States, all of the countries which are major producers of canned milk (evaporated and/or condensed) reported substantial increases over the high level of production in 1959. Dried milk, the bulk of which is nonfat, continued to increase. Final data will show total world output of nonfat dry milk in 1960 was up 12 to 15 percent over 1959.

The price outlook for dairy products in 1961 is uncertain. Although some short-term remedies have been initiated in several countries to reduce excessive stocks of butter (modest price reductions, increased consumers subsidies, raising butterfat content of milk sold for fluid consumption, etc.), there remains the strong possibility that stocks of butter may continue burdensome through the winter months. Assuming normal weather conditions, the prospects are for a continued high level of milk production through 1961. Export outlets for butter outside the United Kingdom are virtually nonexistent, and with the high level of consumption that has been maintained in that country over the past several years, any increase in takings by that country in 1961 will probably be relatively small. Prices of butter and eventually other dairy products will remain under heavy pressure well into 1961.

## U. S. SHARES IN EXPANDING WORLD TRADE IN POULTRY MEAT



\* DATA FOR 1960 PRELIMINARY: FOR COUNTRIES OTHER THAN U.S., ESTIMATES BASED MAINLY ON DATA FROM MAJOR IMPORTING COUNTRIES.







UNITED STATES DEPARTMENT OF AGRICULTURE  
WASHINGTON 25, D. C.

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Official Business

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